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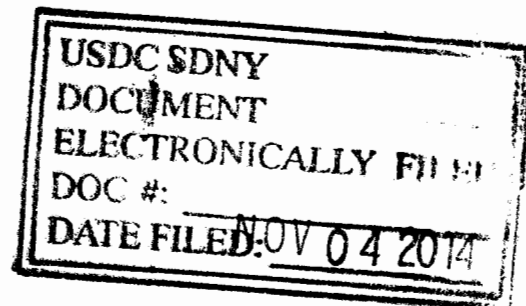
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OUR FILE # 078410-0043
REPLY TO LOS ANGELES

October 27, 2014

VIA FACSIMILE - (212) 805-6737

Hon. George B. Daniels
United States District Judge
United States District Court -- Southern
District of New York
500 Pearl Street
Room 630
New York, NY 10007



Re: Request for Extension of Time Re: Third Distribution of Assets On Allowed Investor Claims (Original Distribution Date: December 9, 2013)
Commodity Futures Trading Commission v. Stephen Walsh, etc., *et al.*
U.S. District Court, Southern District of New York, Case No. 09-CV-01749-GBD
Securities and Exchange Commission v. WG Trading Investors, L.P., etc., *et al.*
U.S. District Court, Southern District of New York, Case No. 09-CV-01750-GBD

Dear Judge Daniels:

We are lead counsel for Robb Evans & Associates LLC ("Receiver"), the Receiver pursuant to various Orders issued by Your Honor in connection with the above-referenced actions ("Actions").

We write to you at this time to (1) update the Court at to the status of the Receiver's efforts to resolve the potential federal and/or state priority tax claims against defendants and/or relief defendants in the Actions, and (2) to request the Court's authorization to postpone the third distribution on allowed investor claims for an additional 90 days while the Receiver continues with its efforts to resolve the potential tax claims. Within 90 days from the date of this letter, the Receiver will again provide a written report to the Court, the investors, and other interested parties, regarding the status of the Receiver's resolution efforts. The Receiver has already advised both the Commodity Futures Trading Commission ("CFTC") and the Securities and Exchange Commission ("SEC", and together with the CFTC, the "Agencies") of this request, and the Agencies have advised the Receiver that they have no objections to the Receiver's request as set forth herein.

By way of background, the Receiver has thus far made two distributions to investors, which have returned approximately 89.1% of the investors' allowed claims. On November 19, 2013, the Court entered its Orders authorizing a third distribution on allowed investor claims in the amount of

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\$50 million (the "Third Distribution"). On December 5, 2013, the Receiver submitted its initial request for a 60-day postponement of the Third Distribution due to its recent discovery of unasserted potential tax claims, including potential tax claims against the individual defendants. The Receiver's request was granted by the Court on December 12, 2013. On January 31, 2014, the Receiver submitted a second update to the Court, wherein the Receiver requested an additional 90-day postponement of the Third Distribution. The Receiver's request was approved by Your Honor on February 20, 2014. On April 30, 2014, the Receiver submitted an additional update to the Court, wherein the Receiver also requested an additional 90-day postponement of the Third Distribution. The Receiver's request was approved by Your Honor on May 9, 2014. On July 28, 2014, the Receiver requested an additional 90-day postponement of the Third Distribution which was approved on July 29, 2014.

Upon discovery of the potential tax claims, the Receiver immediately brought the issues to the attention of the Agencies seeking their advice and counsel as to how the issues might be resolved in the most expeditious manner, as it has been the Receiver's experience in past federal equity receiverships that the Agencies have been extremely helpful in providing assistance to resolve these issues.

In addition, the Receiver also consulted with John O'Donnell of the United States Attorney's Office. Mr. O'Donnell greatly assisted the Receiver in putting the Receiver in contact with an attorney in the Office of Chief Counsel for the IRS, who is familiar with the types of tax issues raised by the Receiver. In addition to several conference calls with the IRS's counsel, the Receiver also provided the IRS with a comprehensive packet of information concerning the potential tax claims, as well as its request that (1) the IRS subordinate any potential tax claims to the allowed claims of the investors in this matter, and (2) to engage in discussions with the IRS concerning whether the IRS contends that its potential tax claims would be superior, *pari passu*, or subordinate to the claims of non-investor creditors, including trade debt. After Mr. O'Donnell's departure from the U.S. Attorney's Office, the Receiver has been in contact with Benjamin Naftalis and Jessica Masella regarding the potential tax claims.

Prior to Mr. O'Donnell's departure, Mr. O'Donnell also put the Receiver in contact with Carina H. Schoenberger of the United States Attorney's Office. Ms. Schoenberger works in the Civil Division of the U.S. Attorney's Office and is very familiar with these types of tax issues. Through Ms. Schoenberger's efforts, the Civil Division of the U.S. Attorney's Office was coordinating

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discussions amongst the Department of Justice and the IRS to resolve the pending tax issues. Ms. Schoenberger has recently been out of the office on maternity leave, and consequently the Receiver has been working with Jeanette Vargas of the United States Attorney's Office regarding the status of the resolution of the tax issues. Ms. Vargas has most recently advised the Receiver that Receiver's subordination request and efforts to resolve the tax issues are in the "queue" for resolution, as a recommendation has been made by the Associate Attorney General for the Tax Division to the Associate Attorney General, but that is not certain at this time exactly when the tax issues will be addressed and resolved. It is also the Receiver's understanding that a critical component of a resolution of these issues, namely the extent of the potential tax claims against Stephen Walsh and Paul Greenwood, are generally not resolved until after the criminal proceedings have been completed, including sentencing of the defendants, which are currently scheduled before Judge Cedarbaum in late October and late November, 2014.

In light of the current status of the Receiver's efforts to resolve these tax issues, which are largely out of the Receiver's control, the Receiver believes that it is prudent to seek an additional 90-day postponement of the Third Distribution at this time. Accordingly, the Receiver respectfully requests that the Court "So Order" the Receiver's request as set forth in this letter.

Very truly yours,

FRANDZEL ROBINS BLOOM & CSATO, L.C.

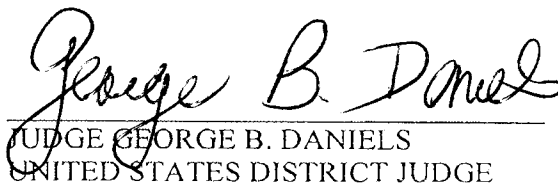


By: CRAIG A. WELIN

CAW:bw

IT IS SO ORDERED:

NOV 04 2014



JUDGE GEORGE B. DANIELS
UNITED STATES DISTRICT JUDGE

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cc: All parties